

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 144, Page 1

December 1998

ITEMS TO REMEMBER

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| December | 1: | Prove the Fund Ledger and Ledger of Receipts for the month of November to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts with each program to the total disbursements of that program. |
| December | 20: | Last day to report and make payment of state and county income tax withheld during November to the Department of Revenue. (Please review Volume 140, Page 7, December 1997.) |
| December | 20: | Payment for school aid bonds and coupons due in January must be made to civil townships by school corporations reorganized according to the provision of Chapter 202, Acts of 1959 if the reorganization plan provides for such payments or if the board of school trustees by resolution adopted has provided for such payments. (IC 20-4-1-35) |
| December | 25: | Merry Christmas - Legal Holiday (IC 1-1-9-1) |

JANUARY

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| January | 1: | New Year's Day - Legal Holiday (IC 1-1-9-1) |
| January | 2: | Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances by recording the appropriations by programs approved by the board of school trustees in the Resolution of Appropriations for the 1999 calendar year unless such appropriations must be reduced pursuant to action taken by the County Board of Tax Adjustment (if applicable) or by the State Board of Tax Commissioners. Record in the expenditure accounts of each program the allotments made by the board of school trustees. Also add to the 1999 year's appropriations by programs and to the expenditure accounts by allotments, any encumbered appropriations and allotments of the 1998 calendar year to be carried forward. |
| January | 5-31: | Annual meeting of the school board to organize as board of finance by electing one member as president and one member as secretary for the year. (After the first Monday and on or before the last day of January.) (IC 5-13-7-6) |
| January | 18: | Martin Luther King's Birthday - Legal Holiday (IC 1-1-9-2) |
| January | 20: | Last day to report and make payment of state and county income tax withheld during December to the Department of Revenue. (Please review Volume 140, Page 7, December 1997.) |

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JANUARY
(Continued)

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| January | 31: | Last day to file fourth quarter report with the Internal Revenue Service and complete payment of federal tax withheld. Each employee shall be furnished Form W-2. |
| January | 31: | Last day to file form 100-R, Report of Names, Addresses, Duties and Compensation of Officers and Employees, with the State Board of Accounts. |

FEBRUARY

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| February | 1: | Prove all ledgers for the month ending January 31 as outlined for the month of December. |
| February | 12: | Legal Holiday - Lincoln's Birthday. (IC 1-1-9-1) |
| February | 15: | Legal Holiday -Washington's Birthday. (IC 1-1-9-1) |
| February | 20: | Last day to report and make payment of state and county income tax withheld during January to the Department of Revenue. (Please review Volume 140, Page 7, December 1997.) |
| February | 28: | Last day to file withholding statements together with Yearly Reconcilement of Employer's Quarterly Tax Returns with Internal Revenue and Indiana Department of Revenue, respectively. |

SOCIAL SECURITY

We understand that for 1999 the maximum amount of taxable and creditable annual earnings subject to Social Security will increase to \$72,600 up from \$68,400 in 1998. No maximum base for Medicare will exist. Rates will remain at the 1998 level at a combined rate of 7.65 percent (both employer and employee for a total of 15.3 percent) representing a 6.20 percent rate for Social Security and 1.45 percent for Medicare.

OTHER INFORMATION RETURNS
FEDERAL WITHHOLDING TAX TABLES
DEPARTMENT OF TREASURY, INTERNAL REVENUE SERVICE

School Corporation treasurers should request instructions for filing all Form 1099s from the Internal Revenue Service.

All corporation treasurers should have available a Federal Circular E for withholdings.

Should you have any questions on any of these forms, please contact the Internal Revenue Service at 1-800-829-1040.

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BOARD OF SCHOOL TRUSTEES

We suggest review of pages 3-6; 4-3; and 5-3 of the Federal - State Reference Guide, issued by the Internal Revenue Service for any school board member requesting exemption from payroll withholdings for compensation.

NOTARY PUBLIC EXPENSE

Based on the expression of an Assistant Attorney General in an Unofficial Advisory Letter dated June 16, 1972, the State Board of Accounts would not take exception to the board of school trustees expending the necessary public funds to provide a notary bond for an employee of the school corporation and a notary seal to remain the property of the school corporation.

ELECTION BOARD AND JURY DUTY

IC 20-6.1-5-8 states "Each teacher may have at least two (2) days each year with pay for the transaction of personal business or the conduct of personal or civic affairs. The teacher shall submit to the superintendent a written statement describing the reason and necessity for the absence." We would not take audit exception for a payment for election board duty if a teacher submits a written statement to the superintendent of schools requesting civic or personal leave for the election board duty in accordance with IC 20-6.1-5-8.

We are not aware of statutory provisions for personal leave for noninstructional employees. However, we will not take audit exception if the board of school trustees adopts a policy granting personal leave, in accordance with IC 20-5-2-2(17).

Jury duty is considered to be a civic responsibility which should not be evaded by public employees. IC 33-19-1-4 states in part "(a) Jurors of circuit, superior, county, probate, and municipal courts and members of a grand jury are entitled to fees equal to:

- (1) the mileage rate paid to state officers for each mile necessarily traveled to and from the court; and
- (2) payment at the rate of:
 - (A) fifteen dollars (\$15) for each day the juror is in actual attendance in court until the jury is impaneled; and
 - (B) forty dollars (\$40) for each day the juror is in actual attendance after impaneling and until the jury is discharged.
- (b) A county fiscal body may adopt an ordinance to pay from county funds a supplemental fee in addition to the fees prescribed by subsection (a)(2).
- (c) Jurors of city and town courts are entitled to:
 - (1) fifteen dollars (\$15) per day while in actual attendance; and
 - (2) receive a sum for mileage equal to that sum per mile paid to state officers and employees for each mile necessarily traveled to and from the court.
- (d) A city or town fiscal body may adopt an ordinance to pay from city or town funds a supplemental fee in addition to the fee prescribed by subsection (c)(1)."

We are of the audit position that a public school corporation may pay an employee the difference between the amount of jury duty pay per day to that employee and the amount of a regular day's pay for that employee if the employee had worked a regular day (no overtime). The following audit position applies to all employees, certified and noncertified for which the daily rate is greater than the daily amount paid for jury duty.

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1. A school employee could receive the full amount of regular salary and not claim compensation for jury duty.
2. A school employee could receive the compensation for jury duty and said amount could be deducted from the regular salary.
3. A school employee could receive the full amount of regular salary (no overtime) and turn over the warrant for serving on the jury to your office to be receipted into the fund from which the regular salary is paid.

The State of Indiana mileage rate is currently twenty-eight cents (\$.28) per mile. Travel reimbursement belongs to the employee without being considered compensation for purposes of our audit position.

We suggest that the board of school trustees adopt a policy establishing rules and regulations for jury duty by school employees.

OBSOLETE VOLUME

All articles of Volume 104 of the School Administrator have now been updated and reprinted in later volumes or are no longer applicable; thus Volume 104, which was distributed in December 1988, can now be deleted from your file.

SCHOOL CORPORATION BUDGETS

IC 6-1.1-18-4 states: "Except as otherwise provided in this chapter, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

IC 6-1.1-17-12 states "As soon as the budgets, tax rates, and tax levies are approved or modified by the county board of tax adjustment, the county auditor shall within fifteen (15) days prepare a notice of the tax rates to be charged on each one hundred dollars (\$100) of assessed valuation for the various funds in each taxing district. The notice shall also inform the taxpayers of the manner in which they may initiate an appeal of the county board's action. The county auditor shall post the notice at the county courthouse and publish it in two (2) newspapers which represent different political parties and which have a general circulation in the county."

IC 6-1.1-17-16 states in part (a) "Subject to the limitations and requirements prescribed in this section, the state board of tax commissioners may revise, reduce, or increase a political subdivision's budget, tax rate, or tax levy which the board reviews under section 8 or 10 of this chapter."

(g) "The state board of tax commissioners is expressly directed to complete the duties assigned to it under this section not later than February 15th of each year for taxes to be collected during that year."

CONFLICT OF INTEREST

Official Opinion 88-14, from the Attorney General's Office dated September 16, 1988 concludes that "All school officials and employees are considered to be 'public servants' as that term is used in Indiana Code Section 35-44-1-3."

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**CONFLICT OF INTEREST
(Continued)**

If school officers and employees have any question about whether or not to disclose, in accordance with IC 35-44-1-3, we recommend disclosure. You are best advised to error on the side of caution rather than on the side of the penalty involved within IC 35-44-1-3.

We are of the audit position that school officials should protect themselves by formally notifying all school employees of the provisions of IC 35-44-1-3.

HOME RULE

The State Board of Accounts has through the years received inquiries and comments concerning the application of home rule. Accordingly, in an attempt to clarify some questions related to usage of home rule, we directed the following questions to the Attorney General's Office. The Conclusion portion of the response from the Attorney General's Office follows the questions.

1. In order for a school corporation or other unit of government to use home rule for a particular situation, must they enact a specific ordinance or resolution adopting the home rule provisions and stating the policy which is to be enacted as a result?
2. Can a school corporation or other unit of government expand the provisions of a statute with home rule?

For example, IC 5-10-1.1-1, regarding public employees deferred compensation plans, specifically allows a school corporation to establish a savings plan that is a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code, and contribute amounts to the plan on behalf of eligible employees to be credited and allocated to an account for each employee. A school corporation claimed that "home rule powers" allowed them to contribute amounts to an employee retirement plan under Section 403(b) of the Internal Revenue Code.

3. Most units of government have the power to enter into contracts. Can a school corporation or other unit of government enter into a contract containing provisions which are not granted by statute without specifically enacting home rule under a separate ordinance or resolution?

For example, a school corporation collectively bargained for wage related benefits under IC 20-7.5-1-4 and entered into a collective bargaining agreement which included a retirement plan under Section 403(b) of the Internal Revenue Code without first passing a home rule resolution authorizing such a benefit.

CONCLUSION

It is our opinion that a local unit of government or a school corporation must adopt an ordinance, resolution or written policy before exercising its home rule powers. A local unit of government may not enter into a contract as a substitute for properly adopting an ordinance, resolution or written policy. In addition, those entities may not exercise home rule powers in an area pre-empted by the General Assembly.

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YEAR 2000

The Governmental Accounting Standards Board has issued a technical bulletin effective for audit opinions dated after October 31, 1998, addressing the reporting requirements for Year 2000 preparations of computer systems and other equipment.

The Year 2000 problem is the result of many electronic products' inability to process the change of date from 1999 to 2000. This occurs in electrical equipment which utilizes a date with a two digit year, for example 10/31/98 instead of a four digit year such as 10/31/1998. The electrical equipment may process 00 dates as 1900 instead of 2000 or completely fail to process. Some examples of equipment which could fail to process include computer hardware, computer software, computer application systems, security systems, heating and cooling systems, telephone systems, pagers, process control systems, elevators, traffic control systems, prisoner retention systems, 911 systems, and medical equipment.

All governmental units are required to develop a plan and estimate costs to modify computer systems and other equipment to insure continued processing capability in the Year 2000. The following stages are necessary steps in Year 2000 preparation.

Awareness Stage - Establishment of a project plan and budget for dealing with the Year 2000 issue.

Assessment Stage - The identification of all computer systems and other equipment which may be affected by the Year 2000. All system components may be reviewed for Year 2000 compliance or, through a risk analysis, only mission critical systems may be identified.

Remediation Stage - Actual modifications to the computer systems and other equipment. This stage deals with converting existing computer systems and equipment or replacing the systems with Year 2000 compliant systems and equipment.

Validation/Testing Stage - Testing of the modifications completed to computer systems and other equipment including the development of test data and scripts, processing of test scripts and review of test results.

Implementation Stage - The use of a computer system or other equipment that has been remediated and is Year 2000 compliant.

If a governmental unit has not completed the **Awareness Stage and Assessment Stage** for computer systems and other equipment to assure Year 2000 compliance, an audit result and comment may be required within their audit report. **Remediation Stage** activity should be initiated prior to the end of 1998.

If you have any questions concerning the Year 2000 requirements, please contact Paul Gray, Director Information Technology Services for the State Board of Accounts at telephone number (317) 232-2525 or electronic mail address of pgray@sboa.state.in.us.

**ACCOUNTING AND UNIFORM COMPLIANCE GUIDELINES MANUAL
FOR INDIANA PUBLIC SCHOOL CORPORATIONS**

Please discard "Form for Offer or Proposal", page 15-29 and "Request for Bid", pages 15-31 and 15-32.